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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 FOR THE COUNTY OF ORANGE

11 THE PEOPLE OF THE STATE OF )  
12 CALIFORNIA, by and through the California )  
Corporations Commissioner, )

13 Plaintiff, )

14 v. )

15 CHANNEL INVESTMENTS, a business )  
organization, form unknown; CHANNEL )  
16 INVESTMENTS, Inc., a corporation; CHANNEL )  
17 INVESTMENTS, LLC, a limited liability )  
company; CHANNEL INVESTMENTS, a )  
18 partnership; JAMES F. MESSINA, individually )  
and doing business as CHANNEL )  
19 INVESTMENTS; JAMES F. MESSINA, )  
20 individually and as a partner of CHANNEL )  
INVESTMENTS partnership; and DOES 1 )  
21 through 20, inclusive, )

22 Defendants. )  
23 )  
24 )  
25 )  
26 )  
27 )  
28 )

CASE NO. 30-2011-00450884-CU-SL-CXC  
STIPULATION TO ENTRY OF FINAL  
JUDGMENT OF PERMANENT INJUNCTION  
AND OTHER ANCILLARY RELIEF  
BETWEEN PLAINTIFF AND DEFENDANTS

DEPARTMENT: CX102

JUDGE: Gail A. Andler

DATE ACTION FILED: 2/16/11

1 Plaintiff The People of the State of California, by and through the California Corporations  
2 Commissioner (the "Commissioner") and Defendants JAMES F. MESSINA ("MESSINA") as an  
3 individual and doing business as CHANNEL INVESTMENTS ("Defendants") stipulate as follows:

4 A. Defendants admit jurisdiction of this Court over them and over the subject matter of  
5 this action and enter a general appearance herein. Defendants acknowledge that entry of said general  
6 appearance is equivalent to personal service of the summons on them pursuant to Section 410.50 of  
7 the California Code of Civil Procedure.

8 B. Defendants admit service of the Summons and the Complaint filed in this matter.

9 C. Defendants have read the Complaint, this Stipulation, and the proposed Final  
10 Judgment of Permanent Injunction and Investor Restitution (the "Final Judgment") in the form  
11 attached hereto as Exhibit 1.

12 D. MESSINA, doing business as CHANNEL INVESTMENTS was the sole owner and  
13 control person of CHANNEL INVESTMENTS.

14 E. Each signatory hereto covenants that he possesses the necessary capacity and  
15 authority to sign and enter into this Agreement.

16 F. The execution of this Stipulation and the actions agreed to herein, including the entry  
17 of Final Judgment, are not intended, and shall not be construed, as an admission by Defendants, or  
18 any of them, of any wrongdoing. Without admitting or denying the allegations in the Complaint,  
19 Defendants voluntarily consent to the entry by the Court of the Stipulation and Final Judgment.  
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21 G. Defendants hereby waive all rights to appeal the entry of the Stipulation and Final  
22 Judgment.

23 H. The Commissioner and Defendants agree that if any paragraph, clause, or provision  
24 of the Stipulation, or the application thereof, is held invalid or unenforceable, such decision shall  
25 affect only the paragraph, clause, or provision so construed or interpreted, and the invalidity shall not  
26 affect the provisions or the application of the Stipulation, which can be given effect without the  
27 invalid provisions or application, and to this end, the provisions of the Stipulation are declared by  
28 Plaintiff and the Defendants to be severable.

1 I. The Commissioner and Defendants agree that this Stipulation may be executed in one  
2 or more separate counterparts, each of which when so executed shall be deemed an original. Such  
3 counterparts shall together constitute and be one and the same instrument. A fax signature or e-mail  
4 scanned signature of this Agreement shall be as effective as an original ink signature.

5 J. The Commissioner and Defendants agree that they enter into this Stipulation  
6 voluntarily without coercion, and acknowledge that no promises, threats, or assurances have been  
7 made by Plaintiff or any officer or agent thereof to induce Defendants to enter into this Stipulation.

8 **SPECIFIC RELIEF IN THE FINAL JUDGMENT STIPULATED TO BY THE PARTIES**

9 1. Defendants and each of them, and their officers, agents, employees, representatives,  
10 and all persons acting in concert or participating with them, shall be and they are hereby  
11 permanently enjoined and restrained from engaging in, committing, or performing directly or  
12 indirectly, any of the following acts:

13 A. Offering to sell or selling any security by means of any written or oral communication of  
14 any kind whatsoever which includes any untrue statement of any material fact or omits or fails to  
15 state any material fact necessary in order to make the statements made, in the light of the  
16 circumstances under which they are made, not misleading; and

17 B. Violating any injunctions or orders previously issued, including but not limited to the  
18 Desist and Refrain Orders issued by the Commissioner on May 3, 2006, and this Final Judgment.

19 2. Defendants and each of them are liable jointly and severally to Plaintiff for a  
20 judgment of restitution in the amount of \$165,000, which shall be paid directly to the investors by  
21 September 6, 2011, and if not, then the Commissioner may initiate collection efforts. Furthermore, if  
22 the full judgment is not paid by September 6, 2011, then the balance will accrue interest at the legal  
23 rate. Proof of any direct payments made by Defendants to the investors shall be presented to the  
24 Department of Corporations, attention Maria Shimohara.

25 3. The Commissioner agrees not to take any further administrative or civil action against  
26 the Defendants based on information known to the Commissioner or his agents or employees at the  
27 time of filing of the Complaint or based on any act or omission alleged in the Complaint.  
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